

Washington State Auditor's Office

Accountability Audit Report

Central Puget Sound Regional Transit Authority (Sound Transit) King County

Report Date
January 14, 2009

Report No. 1000539

Issue Date
January 26, 2009



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

January 26, 2009

Board of Directors
Sound Transit
Seattle, Washington

Report on Accountability

Please find attached our report on Sound Transit's accountability and compliance with state laws and regulations and its own policies and procedures.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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King County
January 14, 2009**

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Audit Summary

**Sound Transit
King County
January 14, 2009**

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Sound Transit.

We performed audit procedures to determine whether the Transit Authority complied with state laws and regulations and its own policies and procedures. We also examined Transit Authority management's accountability for public resources. Our work focused on specific areas that have potential for abuse and misuse of public resources.

Areas examined during the audit were selected using financial transactions from January 1, 2007, through December 31, 2007.

RESULTS

The Transit Authority complied with state laws and regulations and its own policies and procedures in the areas we examined. Internal controls were adequate to safeguard public assets.

RELATED REPORTS

The Transit Authority contracted to have its financial statements and federal programs audited by a private, certified public accounting firm. The financial statements and audit report prepared by that firm are available from the Transit Authority.

CLOSING REMARKS

We thank Transit Authority officials and personnel for their assistance and cooperation during the audit.

Description of the Transit Authority

Sound Transit King County January 14, 2009

ABOUT THE TRANSIT AUTHORITY

In 1992 the Washington State Legislature authorized King, Pierce and Snohomish counties to create a single agency to plan, build and operate a high-capacity transit system within the region's most heavily used travel corridors. During 1993, the Central Puget Sound Regional Transit Authority was established under the name Sound Transit.

In 1996 the Transit Authority proposed, and the voters adopted, a ballot measure that created the ten-year regional transit system plan. This plan included two new rail systems (electric light-rail and commuter rail), regional express bus routes and a high-occupancy vehicle expressway.

In 1999 the Transit Authority began its transition from a planning to an operational agency by establishing regional bus routes linking Pierce and King Counties. In addition, locomotives and passenger rail cars were purchased for the heavy-rail system and sites were secured for rail station locations and the Transit Authority's administrative offices.

The Transit Authority is supported primarily through sales taxes, motor vehicle taxes, rental car taxes, passenger fares, bond proceeds and grant funding from federal and state agencies. The Transit Authority's 2007 budget totaled approximately \$1.05 billion and included approximately \$890 million in capital outlay. The Transit Authority has approximately 420 employees.

The Transit Authority is governed by an 18-member Board of Directors, 17 of who are appointed by the executives of member counties and confirmed by the Council of each member county.

Membership is based on the population from that portion of each county within the Transit Authority's service area. The final member is the Secretary of the Washington State Department of Transportation.

AUDIT HISTORY

We audit the Transit Authority annually. We are not reporting any findings for this audit period.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Directors:

Chair

Vice Chair

Vice Chair

John Ladenburg, Pierce County Executive
Connie Marshall, City of Bellevue Council Member
Mark Olson, Everett City Council Member
Fred Butler, Issaquah Deputy Council President
David Enslow, City of Sumner Mayor
Doug MacDonald, WSDOT Secretary
Richard McIver, Seattle City Council Member
Julia Patterson, King County Council Member
Larry Phillips, King County Council Chair
Aaron Reardon, Snohomish County Executive
Ron Sims, King County Executive
Claudia Thomas, City of Lakewood Mayor
Pete von Reichbauer, King County Council Vice Chair
Greg Nickels, City of Seattle Mayor
Julie Anderson, Tacoma City Council Member
Mary-Alyce Burleigh, Kirkland City Council Member
Dow Constantine, King County Council Member
Richard Marin, Edmonds City Council Member

APPOINTED OFFICIALS

Chief Executive Officer

Chief Financial Officer

Joni Earl

Brian McCartan

ADDRESS

Transit Authority

401 S. Jackson Street
Seattle, WA 98104
(206) 398-5000
www.soundtransit.org

Audit Areas Examined

Sound Transit King County January 14, 2009

In keeping with general auditing practices, we do not examine every portion of the Sound Transit's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the Transit Authority were examined during this audit period:

ACCOUNTABILITY

We evaluated the Transit Authority's accountability and compliance with laws, regulations, contracts and grant agreements in the following areas:

- Lease/rental revenues
- Contracts/agreements
- Use of bond proceeds
- Insurance/risk management
- Open public meetings/records laws
- Procurement
- Travel
- Public works contracts
- Conflict of interest/ethics laws
- Disbursements/expenditures
- Board compensation
- Subarea equity
- Transportation service providers
- Credit cards
- Community Development Fund



ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office has 300 employees who are located around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Our regular audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. We also perform fraud and whistleblower investigations. In addition, we have the authority to conduct performance audits of state agencies and local governments.

The results of our audits are widely distributed through a variety of reports, which are available on our Web site. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive program to coordinate audit efficiency and to ensure high-quality audits.

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Chief Policy Advisor
Director of Administration
Director of State and Local Audits
Director of Performance Audit
Director of Special Investigations
Director for Legal Affairs
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Communications Director
Public Records Officer
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Toll-free hotline for government efficiency

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